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116TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
116–133

ARCTIC CULTURAL AND COASTAL PLAIN PROTECTION ACT

JUNE 27, 2019.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GRIJALVA, from the Committee on Natural Resources, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 1146]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 1146) to amend Public Law 115–97 (commonly known as the Tax Cuts and Jobs Act) to repeal the Arctic National Wildlife Refuge oil and gas program, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Arctic Cultural and Coastal Plain Protection Act".

SEC. 2. REPEAL OF ARCTIC NATIONAL WILDLIFE REFUGE OIL AND GAS PROGRAM.

Section 20001 of Public Law 115–97 (16 U.S.C. 3143 note) is hereby repealed.

PURPOSE OF THE BILL

The purpose of H.R. 1146 is to amend Public Law 115–97 to repeal the Arctic National Wildlife Refuge oil and gas program.

BACKGROUND AND NEED FOR LEGISLATION

The area that later became the Arctic National Wildlife Refuge (ANWR, or the Arctic Refuge) was first protected by Secretarial Order in 1960 as the 8.9-million-acre Arctic National Wildlife

89–006

Range. In 1980, the Alaska National Interest Lands Conservation Act (ANILCA, Pub. L. No. 96–487, 94 Stat. 2371) established the 19.6-million-acre Refuge in part "to conserve fish and wildlife populations and habitats in their natural diversity including, but not limited to, the Porcupine caribou herd . . . polar bears, grizzly bears, muskox, Dall sheep, wolves, wolverines, snow geese, peregrine falcons and other migratory birds and Arctic char and grayling." [1]

Approximately 7.2 million acres of ANWR was designated as wilderness, but not the 1.5-million-acre coastal plain, which was to be studied for potential oil and gas development under section 1002 of ANILCA. Section 1003 of ANILCA prohibited any oil and gas leasing on the coastal plain unless it were specifically authorized by Congress.

Not all the land in the 1002 area is federal. Approximately 92,000 acres around the town of Kaktovik have been conveyed to Alaska Native corporations under the Alaska Native Claims Settlement Act, and a well was drilled on those lands in 1986 by a consortium of two oil and gas companies and two Native corporations. It is the only well that has been drilled on the coastal plain, and the results have been kept secret.

For decades, the oil and gas industry has considered the coastal plain to be one of the more promising areas for exploration, but the critical importance of the area for wildlife and nearby tribes has made protecting it a top priority for the environmental community. The coastal plain is considered the "biological heart" of ANWR, providing important denning habitat for polar bears and calving ground for caribou, and hosting more than 200 species of migratory birds each year.[2] The U.S. Fish and Wildlife Service described the Refuge as "the only conservation system unit that protects, in an undisturbed condition, a complete spectrum of the arctic ecosystems in North America" and said the coastal plain has "outstanding wilderness qualities" and is "the most biologically productive part of the Arctic Refuge for wildlife." [3] For the Gwich'in people, who do not live in the coastal plain but depend on the Porcupine Caribou Herd for subsistence, the coastal plain is "the sacred place where life begins."

Numerous legislative attempts were made in the thirty years preceding H.R. 1's passage in 2017 to open the Arctic Refuge to oil and gas development, but none succeeded. The Committee notes that while the arguments made in previous decades in favor of opening ANWR were dubious and easily refuted, they were made in response to underlying conditions—such as rising gasoline prices, increasing dependence on imports, or declining throughput in the Trans-Alaska Pipeline System (TAPS)—that were significant concerns in the past but do not exist at the present time. Gasoline prices have been fairly stable, with monthly averages below $3 since October 2014, while the price impact of opening ANWR is estimated by the Energy Information Administration to be no more

[1] Pub. L. 96–487, § 303(2)(B)(i).

[2] Laura B. Comay et al., Cong. Research Serv., RL33872, Arctic National Wildlife Refuge (ANWR) (2018).

[3] U.S. Dep't of the Interior, Arctic National Wildlife Refuge, Alaska, Coastal Plain Resource Assessment (1987), https://www.fws.gov/uploadedFiles/Region_7/NWRS/Zone_1/Arctic/PDF/1987leis.pdf.

than 3.5 cents per gallon.[4] Domestic crude production has more than doubled since 2008, reaching an all-time high of over 12 million barrels per day in early 2019, but efforts to achieve energy independence have been abandoned in favor of encouraging unfettered crude exports, which have been averaging nearly 3 million barrels per day this year, and are expected to grow. Finally, new developments underway in the National Petroleum Reserve-Alaska will provide TAPS with sufficient oil volumes to operate economically for decades to come. In short, the Committee believes that even the unpersuasive arguments made in the past in favor of opening the Reserve to oil and gas development fall apart completely in light of the current U.S. oil supply situation.

Nevertheless, Congressional Republicans included reconciliation instructions in the FY 2018 budget resolution that allowed the Senate Energy and Natural Resources Committee to add a revenue-generating ANWR leasing program onto H.R. 1, the Tax Cuts and Jobs Act,[5] which needed only 50 votes in the Senate to pass. The Congressional Budget Office (CBO) estimated that the language would raise $1.1 billion in federal revenues, but that estimate was questioned by then-Ranking Members Grijalva, Huffman, and Lowenthal, who pointed to recent lease sales in the Arctic that had brought in far less money on per-acre basis.[6]

H.R. 1 was signed into law on December 22, 2017, becoming Public Law 115–97. Title II of the law required that two lease sales offering no less than 400,000 acres in Arctic Refuge be held, one within four years after enactment and one within seven years. The law also limited total surface disturbance to be no more than 2,000 acres, but the Bureau of Land Management estimates that over 20 drill pads, 200 miles of roads, and 275 miles of pipeline can easily be constructed within the 2,000-acre limit, covering the breadth of the entire coastal plain.[7] Despite the law providing until December 2021 to hold the first lease sale, officials at the Department of the Interior have expressed their determination to hold a lease sale in 2019, two years ahead of schedule.[8]

The Committee believes that the partisan process used to force the enactment of an oil and gas drilling program in the Arctic Refuge, combined with the lack of care the current administration is taking in implementing that program, the inadequate or non-existent consultation with Alaska Natives, the absence of any compelling public policy argument for drilling in the Refuge, and the biological and cultural importance of maintaining the current wilderness characteristics of the coastal plain, make it imperative to

[4] U.S. ENERGY INFO. ADMIN., ANALYSIS OF CRUDE OIL PRODUCTION IN THE ARCTIC NATIONAL WILDLIFE REFUGE 11 (2008), https://www.eia.gov/analysis/requests/2008/anwr/pdf/sroiaf(2008)03.pdf (using $1.44/bbl price impact in high resource case, with one barrel equaling 42 gallons, which likely overstates the direct impact of ANWR production on gasoline prices, since the price of crude oil contributes only a little more than half to the price of gasoline, *see* U.S. ENERGY INFO. ADMIN., FACTORS AFFECTING GASOLINE PRICES (last updated Feb. 13, 2019), https://www.eia.gov/energyexplained/index.php?page=gasoline_factors_affecting_prices).

[5] Pub. L. 115–97.

[6] Press Release, Democrats: After Alaska Lease Sale Fails to Raise Significant Revenue, GOP Must Face Reality on Arctic Refuge Drilling Plan (Dec. 7, 2017), https://naturalresources.house.gov/media/press-releases/democrats-after-alaska-lease-sale-fails-to-raise-significant-revenue-gop-must-face-reality-on-arctic-refuge-drilling-plan.

[7] 2 BUREAU OF LAND MGMT., COASTAL PLAIN OIL AND GAS LEASING PROGRAM DRAFT ENVIRONMENTAL IMPACT STATEMENT, tbl. B–5.

[8] Yereth Rosen, *U.S. Vows First Oil Lease Sale in Alaska Arctic Refuge This Year*, REUTERS (May 30, 2019), https://www.reuters.com/article/us-alaska-oil-refuge/u-s-vows-first-oil-lease-sale-in-alaska-arctic-refuge-this-year-idUSKCN1T1011.

repeal the ANWR oil and gas program established in Pub. L. 115–97.

Committee Action

H.R. 1146 was introduced on February 11, 2019, by Representative Jared Huffman (D–CA). The bill was referred solely to the Committee on Natural Resources, and within the Committee to the Subcommittee on Energy and Mineral Resources. The Subcommittee held a hearing on the bill on March 26, 2019. On May 1, 2019, the Natural Resources Committee met to consider the bill. The Subcommittee was discharged by unanimous consent. Chair Grijalva (D–AZ) offered an amendment in the nature of a substitute. Representative Don Young (R–AK) offered an amendment designated Young #1 to the amendment in the nature of a substitute. The amendment was not agreed to by a roll call vote of 14 yeas and 22 nays, as follows:

Date: May 1, 2019

COMMITTEE ON NATURAL RESOURCES
116th Congress - Roll Call

Bill / Motion: H.R. 1146 **Roll Call #:**

Amendment: Mr. Young #1 amendment to the Grjialva amendment in the nature of a substitute

Disposition: Not agreed to by a roll call vote of 14 yeas and 22 nays.

MEMBERS (44)		YEAS	NAYS	PRESENT
Mr. Grijalva, AZ (Chair)	1		X	
Mr. Bishop, UT (Ranking)	2	X		
Mrs. Napolitano, CA	3		X	
Mr. Young, AK	4	X		
Mr. Costa, CA	5	X		
Mr. Gohmert, TX	6			
Mr. Sablan, CNMI	7		X	
Mr. Lamborn, CO	8	X		
Mr. Huffman, CA	9		X	
Mr. Wittman, VA	10			
Mr. Lowenthal, CA	11		X	
Mr. McClintock, CA	12	X		
Mr. Gallego, AZ	13		X	
Mr. Gosar, AZ	14	X		
Mr. Cox, CA	15		X	
Mr. Cook, CA	16	X		
Mr. Neguse, CO	17		X	
Mr. Westerman, AR	18	X		
Mr. Levin, CA	19		X	
Mr. Graves, LA	20	X		
Ms. Haaland, NM	21		X	
Mr. Hice, GA	22			
Mr. Van Drew, NJ	23		X	
Mrs. Radewagen, AS	24			
Mr. Cunningham, SC	25		X	
Mr. Webster, FL	26	X		
Ms. Velázquez, NY	27			
Ms. Cheney, WY	28	X		
Ms. DeGette, CO	29		X	
Mr. Johnson, LA	30			
Mr. Clay, MO	31		X	
Ms. González-Colón, PR	32	X		
Mrs. Dingell, MI	33		X	
Mr. Curtis, UT	34			
Mr. Brown, MD	35		X	
Mr. Hern, OK	36	X		
Mr. McEachin, VA	37			
Mr. Fulcher, ID	38	X		
Mr. Soto, FL	39		X	
Mr. Case, HI	40		X	
Mr. Horsford, NV	41		X	
Mr. San Nicolas, GU	42		X	
Mr. Cartwright, PA	43		X	
Mr. Tonko, NY	44		X	
TOTALS		14	22	
Total: 44 / Quorum: 15 / Report: 23		**YEAS**	**NAYS**	**PRESENT**

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Representative Garret Graves (R–LA) offered an amendment designated Graves #1 to the amendment in the nature of a substitute. The amendment was not agreed to by a roll call vote of 14 yeas and 22 nays, as follows:

Date: May 1, 2019

COMMITTEE ON NATURAL RESOURCES
116th Congress - Roll Call

Bill / Motion: H.R. 1146 **Roll Call #:**

Amendment: Mr. Graves #1 amendment to the Grjialva amendment in the nature of a substitute

Disposition: Not agreed to by a roll call vote of 14 yeas and 22 nays.

MEMBERS (44)		YEAS	NAYS	PRESENT
Mr. Grijalva, AZ (Chair)	1		X	
Mr. Bishop, UT (Ranking)	2	X		
Mrs. Napolitano, CA	3		X	
Mr. Young, AK	4	X		
Mr. Costa, CA	5	X		
Mr. Gohmert, TX	6			
Mr. Sablan, CNMI	7		X	
Mr. Lamborn, CO	8	X		
Mr. Huffman, CA	9		X	
Mr. Wittman, VA	10			
Mr. Lowenthal, CA	11		X	
Mr. McClintock, CA	12	X		
Mr. Gallego, AZ	13		X	
Mr. Gosar, AZ	14	X		
Mr. Cox, CA	15		X	
Mr. Cook, CA	16	X		
Mr. Neguse, CO	17		X	
Mr. Westerman, AR	18	X		
Mr. Levin, CA	19		X	
*Mr. Graves, LA**	20	X		
Ms. Haaland, NM	21		X	
Mr. Hice, GA	22			
Mr. Van Drew, NJ	23		X	
Mrs. Radewagen, AS	24			
Mr. Cunningham, SC	25		X	
Mr. Webster, FL	26	X		
Ms. Velázquez, NY	27			
Ms. Cheney, WY	28	X		
Ms. DeGette, CO	29		X	
Mr. Johnson, LA	30			
Mr. Clay, MO	31		X	
Ms. González-Colón, PR	32	X		
Mrs. Dingell, MI	33		X	
Mr. Curtis, UT	34			
Mr. Brown, MD	35		X	
Mr. Hern, OK	36	X		
Mr. McEachin, VA	37			
Mr. Fulcher, ID	38	X		
Mr. Soto, FL	39		X	
Mr. Case, HI	40		X	
Mr. Horsford, NV	41		X	
Mr. San Nicolas, GU	42		X	
Mr. Cartwright, PA	43		X	
Mr. Tonko, NY	44		X	
TOTALS		**14**	**22**	
Total: 44 / Quorum: 15 / Report: 23		**YEAS**	**NAYS**	**PRESENT**

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Representative Garret Graves (R–LA) offered an amendment designated Graves #2 to the amendment in the nature of a substitute. The amendment was not agreed to by a roll call vote of 13 yeas, 22 nays, and 1 present, as follows:

Date: May 1, 2019

COMMITTEE ON NATURAL RESOURCES
116th Congress - Roll Call

Bill / Motion: H.R. 1146 **Roll Call #:**

Amendment: Mr. Graves #2 amendment to the Grjialva amendment in the nature of a substitute

Disposition: Not agreed to by a roll call vote of 13 yeas, 22 nays, and 1 present.

MEMBERS (44)		YEAS	NAYS	PRESENT
Mr. Grijalva, AZ (Chair)	1		X	
Mr. Bishop, UT (Ranking)	2	X		
Mrs. Napolitano, CA	3		X	
Mr. Young, AK	4	X		
Mr. Costa, CA	5			X
Mr. Gohmert, TX	6			
Mr. Sablan, CNMI	7		X	
Mr. Lamborn, CO	8	X		
Mr. Huffman, CA	9		X	
Mr. Wittman, VA	10			
Mr. Lowenthal, CA	11		X	
Mr. McClintock, CA	12	X		
Mr. Gallego, AZ	13		X	
Mr. Gosar, AZ	14	X		
Mr. Cox, CA	15		X	
Mr. Cook, CA	16	X		
Mr. Neguse, CO	17		X	
Mr. Westerman, AR	18	X		
Mr. Levin, CA	19		X	
Mr. Graves, LA	20	X		
Ms. Haaland, NM	21		X	
Mr. Hice, GA	22			
Mr. Van Drew, NJ	23		X	
Mrs. Radewagen, AS	24			
Mr. Cunningham, SC	25		X	
Mr. Webster, FL	26	X		
Ms. Velázquez, NY	27			
Ms. Cheney, WY	28	X		
Ms. DeGette, CO	29		X	
Mr. Johnson, LA	30			
Mr. Clay, MO	31		X	
Ms. González-Colón, PR	32	X		
Mrs. Dingell, MI	33		X	
Mr. Curtis, UT	34			
Mr. Brown, MD	35		X	
Mr. Hern, OK	36	X		
Mr. McEachin, VA	37			
Mr. Fulcher, ID	38	X		
Mr. Soto, FL	39		X	
Mr. Case, HI	40		X	
Mr. Horsford, NV	41		X	
Mr. San Nicolas, GU	42		X	
Mr. Cartwright, PA	43		X	
Mr. Tonko, NY	44		X	
TOTALS		**13**	**22**	**1**
Total: 44 / Quorum: 15 / Report: 23		**YEAS**	**NAYS**	**PRESENT**

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The amendment in the nature of a substitute offered by Chair Grijalva was adopted by voice vote. The bill, as amended, was ordered favorably reported to the House of Representatives by a roll call vote of 22 yeas and 14 nays, as follows:

Date: May 1, 2019

COMMITTEE ON NATURAL RESOURCES
116th Congress - Roll Call

Bill / Motion: H.R. 1146 **Roll Call #:**

Amendment: Final Passage, as amended

Disposition: H.R. 1146, as amended, was adopted and ordered favorably reported to the House of Representatives by a roll call vote of 22 yeas and 14 nays.

MEMBERS (44)		YEAS	NAYS	PRESENT
Mr. Grijalva, AZ (Chair)	1	X		
Mr. Bishop, UT (Ranking)	2		X	
Mrs. Napolitano, CA	3	X		
Mr. Young, AK	4		X	
Mr. Costa, CA	5		X	
Mr. Gohmert, TX	6			
Mr. Sablan, CNMI	7	X		
Mr. Lamborn, CO	8		X	
Mr. Huffman, CA	9	X		
Mr. Wittman, VA	10			
Mr. Lowenthal, CA	11	X		
Mr. McClintock, CA	12		X	
Mr. Gallego, AZ	13	X		
Mr. Gosar, AZ	14		X	
Mr. Cox, CA	15	X		
Mr. Cook, CA	16		X	
Mr. Neguse, CO	17	X		
Mr. Westerman, AR	18		X	
Mr. Levin, CA	19	X		
Mr. Graves, LA	20		X	
Ms. Haaland, NM	21	X		
Mr. Hice, GA	22			
Mr. Van Drew, NJ	23	X		
Mrs. Radewagen, AS	24			
Mr. Cunningham, SC	25	X		
Mr. Webster, FL	26		X	
Ms. Velázquez, NY	27			
Ms. Cheney, WY	28		X	
Ms. DeGette, CO	29	X		
Mr. Johnson, LA	30			
Mr. Clay, MO	31	X		
Ms. González-Colón, PR	32		X	
Mrs. Dingell, MI	33	X		
Mr. Curtis, UT	34			
Mr. Brown, MD	35	X		
Mr. Hern, OK	36		X	
Mr. McEachin, VA	37			
Mr. Fulcher, ID	38		X	
Mr. Soto, FL	39	X		
Mr. Case, HI	40	X		
Mr. Horsford, NV	41	X		
Mr. San Nicolas, GU	42	X		
Mr. Cartwright, PA	43	X		
Mr. Tonko, NY	44	X		
TOTALS		**22**	**14**	
Total: 44 / Quorum: 15 / Report: 23		**YEAS**	**NAYS**	**PRESENT**

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HEARINGS

For the purposes of section 103(i) of H. Res. 6 of the 116th Congress—the following hearing was used to develop or consider H.R. 1146: legislative hearing on March 26, 2019, titled "The Need to Protect the Arctic National Wildlife Refuge Coastal Plain," considering H.R. 1146 (Huffman): The Arctic Cultural and Coastal Plain Protection Act.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

COMPLIANCE WITH HOUSE RULE XIII AND CONGRESSIONAL BUDGET ACT

1. Cost of Legislation and the Congressional Budget Act. With respect to the requirements of clause 3(c)(2) and (3) of rule XIII of the Rules of the House of Representatives and sections 308(a) and 402 of the Congressional Budget Act of 1974, the Committee has received the following estimate for the bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 21, 2019.

Hon. RAÚL M. GRIJALVA,
Chairman, Committee on Natural Resources,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1146, the Arctic Cultural and Coastal Plain Protection Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Janani Shankaran.

Sincerely,

PHILLIP L. SWAGEL,
Director.

Enclosure.

At a Glance

H.R. 1146, Arctic Cultural and Coastal Plain Protection Act
As ordered reported by the House Committee on Natural Resources on May 1, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	600	905
Revenues	0	0	0
Deficit Effect	0	600	905
Spending Subject to Appropriation (Outlays)	0	0	0

Pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	> $5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would
- Repeal a program to lease federal lands in the Arctic National Wildlife Refuge (ANWR) in Alaska for oil and gas exploration and production

Estimated budgetary effects would primarily stem from
- Forgone government income resulting from repealing the program

Areas of significant uncertainty include
- The magnitude of future government income from leasing in ANWR
- Long-term oil prices, resource potential in ANWR, the cost of oil production, and alternative investment opportunities of potential lessees

Detailed estimate begins on the next page.

Bill summary: Current law directs the Department of the Interior (DOI) to implement an oil and gas leasing program for federal lands located within the coastal plain of the Arctic National Wildlife Refuge in Alaska. H.R. 1146 would repeal that program. CBO estimates that enacting the legislation would result in the collection of fewer offsetting receipts, but also would lower payments to Alaska, which would have the effect of increasing net direct spending by $905 million over the 2019–2029 period.

Estimated Federal cost: The estimated budgetary effect of H.R. 1146 is shown in Table 1. The costs of the legislation fall within budget function 300 (natural resources and environment) and 800 (general government).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF H.R. 1146

	By fiscal year, millions of dollars—												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2019–2024	2019–2029
INCREASES IN DIRECT SPENDING													
Estimated Budget Authority	0	0	0	600	*	*	301	1	1	1	1	600	905
Estimated Outlays	0	0	0	600	*	*	301	1	1	1	1	600	905

* = between zero and $500,000.

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted near the end of 2019.

Background: A provision of Public Law 115–97, the major tax legislation enacted in 2017, directs DOI to implement an oil and gas leasing program for 1.5 million acres of federal lands within ANWR's coastal plain. DOI is required to hold two sealed-bid-auction lease sales by 2025 and to offer at least 400,000 acres for lease each time. The department is reviewing public comments and finalizing an environmental impact statement before holding the first sale.

For each lease awarded, the lessee will pay the federal government a bonus bid (the amount that a company is willing to pay to acquire a lease), annual rent to retain the lease, and royalties based on the value of any oil or gas produced. (Those payments are recorded in the budget as offsetting receipts, or reductions in direct spending.) The current royalty rate for oil and gas production in ANWR is 16.67 percent. Alaska will receive one-half of the gross receipts from the leasing program.

Direct spending: CBO estimates that enacting H.R. 1146 would increase net direct spending by $905 million over the 2019–2029 period.

Bonus Bids. The U.S. Geological Survey (USGS) estimates that federal land in ANWR contains an average of 7.7 billion barrels of technically recoverable oil (oil that can be extracted using current methods).[1] Using information from USGS, the state of Alaska, and representatives from the oil and gas industry, CBO estimates that, on average, the cost to produce oil in ANWR will range from $45 to $55 per barrel (in current dollars). The portion of the technically recoverable oil that will be extracted will depend on future market prices. CBO does not expect that natural gas production from ANWR will be economically viable in the next several years.

Based on the results of lease sales in other areas perceived to contain large oil resources, CBO expects that oil companies will actively compete for leases in ANWR because of its strategic as well as its resource value. In addition, CBO expects that land in the western portion of ANWR—which contains the highest estimated concentration of resources—will be most attractive to bidders and will be leased in the first sale. Accordingly, we expect that the first sale will produce the highest bonus bids. Using information from major federal lease sales in the lower 48 states and onshore and offshore Alaska, where average bids ranged from roughly $200 to $20,000 per acre (adjusted for inflation to 2019 dollars), CBO estimates that gross receipts from bonus bids for ANWR leases will total $1.8 billion over the 2019–2029 period In developing that estimate, CBO considered a range of projected oil prices, oil production volume, and total acreage leased. For example, if bidders were to lease all 800,000 acres that DOI is required to offer at a minimum, that estimate implies an average bonus bid of $2,250 per acre.

Because half of those receipts will be paid to Alaska, CBO estimates that the net federal receipts from bonus bids will total $900 million over the 2019–2029 period. (Thus, CBO estimates that enacting H.R. 1146 would increase net direct spending by $900 million over the 2019–2029 period.

[1] USGS estimates that federal lands in ANWR contain between 4.3 billion and 11.8 billion barrels of technically recoverable oil, and that there is a 50 percent chance that those lands contain at least 7.7 billion barrels of oil. See U.S. Geological Survey, *Arctic National Wildlife Refuge, 1002 Area, Petroleum Assessment, 1998, Including Economic Analysis* (April 2001), https://pubs.usgs.gov/fs/fs-0028-01.

Other Receipts. Federal oil and gas lessees pay rent annually to the government to hold a lease until production begins. Based on the annual minimum rental rate in current law of $3 per acre in the National Petroleum Reserve in Alaska, CBO estimates that under H.R. 1146, the government would forgo rental payments totaling about $5 million over the 2019–2029 period.

CBO also estimates that the government will receive royalty payments on oil produced from ANWR leases. However, using information from the Energy Information Administration on the typical period that would be necessary to drill exploratory wells, complete production plans, and build infrastructure to produce and transport any oil from ANWR, CBO estimates that no significant royalty payments will be made until after 2029, once production begins.

Uncertainty: The amount the government will collect from bonus bids for ANWR leases is uncertain and could be higher or lower than CBO estimates. Potential bidders could rely on assumptions that differ from CBO's, including projections of long-term prices for oil, production costs, the area's resource potential, and alternative investment opportunities. In particular, oil companies may evaluate and compare potential investments in ANWR with other domestic and overseas investment options. The factors that affect companies' investment decisions result in a wide range of possible bonus bids.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 2.

TABLE 2.—CBO'S ESTIMATE OF PAY-AS-YOU-GO EFFECTS OF H.R. 1146

	By fiscal year, millions of dollars—												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2019–2024	2019–2029
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Effect	0	0	0	600	0	0	301	1	1	1	1	600	905

Increase in Long-term deficits: CBO estimates that enacting the bill would increase on-budget deficits by more than $5 billion in at least one of the four consecutive 10-year periods beginning in 2030. After considering a range of price and production scenarios, CBO estimates that under current law, net royalties will exceed $500 million annually over the years of peak oil production in ANWR. Under H.R. 1146, the federal government would forgo those royalties.

Mandates: None.

Estimate prepared by: Federal Costs: Janani Shankaran; Mandates: Jon Sperl.

Estimate reviewed by: Kim P. Cawley, Chief, Natural and Physical Resources Cost Estimates Unit; H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis; Theresa Gullo, Assistant Director for Budget Analysis.

2. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goals and objectives of this bill is to repeal the Arctic National Wildlife Refuge oil and gas program.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

UNFUNDED MANDATES REFORM ACT STATEMENT

This bill contains no unfunded mandates.

EXISTING PROGRAMS

This bill does not establish or reauthorize a program of the federal government known to be duplicative of another program.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

PREEMPTION OF STATE, LOCAL, OR TRIBAL LAW

Any preemptive effect of this bill over state, local, or tribal law is intended to be consistent with the bill's purposes and text and the Supremacy Clause of Article VI of the U.S. Constitution.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets and existing law in which no change is proposed is shown in roman):

SECTION 20001 OF PUBLIC LAW 115–97

⟦SEC. 20001. OIL AND GAS PROGRAM.

⟦(a) DEFINITIONS.—In this section:

⟦(1) COASTAL PLAIN.—The term "Coastal Plain" means the area identified as the 1002 Area on the plates prepared by the United States Geological Survey entitled "ANWR Map—Plate 1" and "ANWR Map—Plate 2", dated October 24, 2017, and on file with the United States Geological Survey and the Office of the Solicitor of the Department of the Interior.

⟦(2) SECRETARY.—The term "Secretary" means the Secretary of the Interior, acting through the Bureau of Land Management.

⟦(b) OIL AND GAS PROGRAM.—

⟦(1) IN GENERAL.—Section 1003 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3143) shall not apply to the Coastal Plain.

⟦(2) ESTABLISHMENT.—

⟦(A) IN GENERAL.—The Secretary shall establish and administer a competitive oil and gas program for the leasing, development, production, and transportation of oil and gas in and from the Coastal Plain.

[(B) PURPOSES.—Section 303(2)(B) of the Alaska National Interest Lands Conservation Act (Public Law 96–487; 94 Stat. 2390) is amended—

[(i) in clause (iii), by striking "and" at the end;

[(ii) in clause (iv), by striking the period at the end and inserting "; and"; and

[(iii) by adding at the end the following:

["(v) to provide for an oil and gas program on the Coastal Plain.".

[(3) MANAGEMENT.—Except as otherwise provided in this section, the Secretary shall manage the oil and gas program on the Coastal Plain in a manner similar to the administration of lease sales under the Naval Petroleum Reserves Production Act of 1976 (42 U.S.C. 6501 et seq.) (including regulations).

[(4) ROYALTIES.—Notwithstanding the Mineral Leasing Act (30 U.S.C. 181 et seq.), the royalty rate for leases issued pursuant to this section shall be 16.67 percent.

[(5) RECEIPTS.—Notwithstanding the Mineral Leasing Act (30 U.S.C. 181 et seq.), of the amount of adjusted bonus, rental, and royalty receipts derived from the oil and gas program and operations on Federal land authorized under this section—

[(A) 50 percent shall be paid to the State of Alaska; and

[(B) the balance shall be deposited into the Treasury as miscellaneous receipts.

[(c) 2 LEASE SALES WITHIN 10 YEARS.—

[(1) REQUIREMENT.—

[(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall conduct not fewer than 2 lease sales area-wide under the oil and gas program under this section by not later than 10 years after the date of enactment of this Act.

[(B) SALE ACREAGES; SCHEDULE.—

[(i) ACREAGES.—The Secretary shall offer for lease under the oil and gas program under this section—

[(I) not fewer than 400,000 acres area-wide in each lease sale; and

[(II) those areas that have the highest potential for the discovery of hydrocarbons.

[(ii) SCHEDULE.—The Secretary shall offer—

[(I) the initial lease sale under the oil and gas program under this section not later than 4 years after the date of enactment of this Act; and

[(II) a second lease sale under the oil and gas program under this section not later than 7 years after the date of enactment of this Act.

[(2) RIGHTS-OF-WAY.—The Secretary shall issue any rights-of-way or easements across the Coastal Plain for the exploration, development, production, or transportation necessary to carry out this section.

[(3) SURFACE DEVELOPMENT.—In administering this section, the Secretary shall authorize up to 2,000 surface acres of Federal land on the Coastal Plain to be covered by production and support facilities (including airstrips and any area covered by gravel berms or piers for support of pipelines) during the term of the leases under the oil and gas program under this section.]

DISSENTING VIEWS

We strongly oppose H.R. 1146. This bill would repeal Section 200001 of Public Law 115–17, eliminating the authorization of an oil and gas development program in the 1002 Area of the Arctic National Wildlife Refuge (ANWR).

ANWR encompasses 19.64 million acres in northeastern Alaska and is a unit of the National Wildlife Refuge System.[1] ANWR, while managed by the U.S. Fish and Wildlife Service, is not entirely owned by the federal government. The Alaska Native Claims Settlement Act of 1971 (ANCSA, 43 U.S.C. 1601 et seq.) transferred parts of ANWR to Native Corporations but requires that subsurface lands in national wildlife refuges created before 1971 be managed according to the refuge's regulations, and oil development is restricted in the other 18.07 million acres of ANWR accordingly.[2] Thus, oil and gas activities in ANWR, even on lands owned by Alaska Natives, must be authorized by Congress. While Congressional authorization is required by law, the Committee Minority believes that Alaska Natives should be able to exercise their right to develop minerals on their lands if they so choose.

The Coastal Plain or 1002 Area within ANWR encompasses 1.57 million acres and was set apart by Congress at the time of ANWR's creation due to its potential for oil and gas development. Under Section 1002 of the Alaska National Interest Lands Conservation Act (Public Law 96–487), Congress directed a study of the resources in the Coastal Plain. Under Section 1003 of that Act, Congress prohibited oil and gas development in that area unless specifically authorized by Congress.[3] This study was completed in 1987 and recommended full energy development of the 1002 Area.

Congress finally acted to authorize oil and gas development in the 1002 Area in the Tax Cuts and Jobs Act of 2017.[4] The law restricts development to 2,000 acres (one ten-thousandth of ANWR's acreage) and could result in the development of 10.4 billion barrels of oil.[5] The Administration must hold one lease sale within 4 years of enactment and a second lease sale within 7 years of enactment.[6]

The oil and gas sector has historically served as a significant source of employment, revenue, and reliable energy for the State

[1] U.S. Fish and Wildlife Service. About the refuge. https://wvvw.fws.gov/refuge/Arctic/about.html.

[2] M. Lynne Com, Michael Ratner, and Laura B. Comay. Arctic National Wildlife Refuge (ANWR): An Overview. (Congressional Research Service, RL33872), (2017).

[3] M. Lynne Com, Michael Ratner, and Laura B. Comay. Arctic National Wildlife Refuge (ANWR): An Overview. (Congressional Research Service, RL33872), (2017).

[4] Public Law 115–97. In 1995, H.R. 2491 authorized the development of the 1002 Area but was vetoed by President Bill Clinton. https://library.cqpress.com/cqalmanac/document.php?id=cqal95-1100433.

[5] US Senate Energy & Natural Resources Committee. At Last: Congress Approves Legislation to Open Alaska's 1002 Area. December 20, 2017, https://www.energy.senate.gov/public/index.cfm/2017/12/at-last-congress-approves-legislation-to-open-alaska-s-1002-area.

[6] Public Law 115–97.

of Alaska and Alaska Natives.[7] Nevertheless, the Members of the Committee Majority, representing districts from the lower 48 States, wish to eliminate oil and gas production in Alaska, along with the thousands of jobs supported by the industry.

The oil industry is the largest source of unrestricted revenue to Alaska. Since Alaska became a state in 1959, the oil and gas industry has contributed almost 90 percent of the State's unrestricted General Fund and over $180 billion in total State revenue.[8] Overall, the oil industry supports over 110,000 direct and indirect jobs.[9] In 2016, average earnings in the industry were 2.5 times higher than the State average.[10] Since the 1950s, oil and gas operators have invested over $55 billion in developing infrastructure in the North Slope and Cook Inlet.[11]

The Alaska Native Claims Settlement Act (ANCSA) established Native Regional Corporations to manage and promote economic development for Alaska Natives. There are 12 Alaska-based Native Regional Corporations and a 13th Regional Corporation represents non-resident Alaska Natives. Each Regional Corporation redistributes 70 percent of all revenues received from subsurface estate resources (including oil and gas) evenly among all 12 Regional Corporations in proportion to the number of Alaska Natives in each region, at least half of which must be redistributed among Village Corporations.[12] Since the enactment of ANCSA, Regional Corporations have received over $1 billion in receipts from subsurface estate resources.[13] Accordingly, Alaska Natives will benefit from energy development in the 1002 Area.

The Village of Kaktovik is located on the coast of ANWR near the 1002 Area. The Kaktovik Inupiat Corporation owns 92,000 acres of surface lands, all of which are located within ANWR.[14] This means that the people of Kaktovik will benefit greatly from oil and gas drilling revenues and jobs in the 1002 Area. Notably, H.R. 1146 does not mention the Inupiat residents of the Coastal Plain, only the Gwich'in, who live more than 100 miles away from the 1002 Area. The Committee Majority did not invite any residents of the Village of Kaktovik to testify on this legislation. The two hearing witnesses who reside in the Village of Kaktovik were invited to testify by the Committee Minority.

With modern drilling technology, surface disturbance associated with drilling operations in the 1002 will be limited. Current operations on the North Slope near the 1002 Area utilize directional drilling, allowing for more production with less environmental impact. In 1970, when operations began in Prudhoe Bay, a 65-acre

[7] Alaska Resource Development Council. Alaska's Oil and Gas Industry, http://www.akrdc.org/oil-and-gas.
[8] Alaska Resource Development Council. Alaska's Oil and Gas Industry, http://www.akrdc.org/oil-and-gas.
[9] Alaska Resource Development Council. Alaska's Oil and Gas Industry, http://www.akrdc.org/oil-and-gas.
[10] Alaska Resource Development Council. Alaska's Oil and Gas Industry, http://www.akrdc.org/oil-and-gas.
[11] Alaska Resource Development Council. Alaska's Oil and Gas Industry, http://www.akrdc.org/oil-and-gas.
[12] Alaska Resource Development Council. Alaska Native Corporations. http://www.akrdc.org/alaska-native-corporations.
[13] Alaska Resource Development Council. Alaska Native Corporations. http://www.akrdc.org/alaska-native-corporations.
[14] Arctic Slope Regional Corporation. Kaktovik. https://www.asrc.com/Communities/Pages/Kaktovik.aspx.

gravel pad could only support a drilling radius of 5,000 feet beneath the surface. Today, a 12-acre gravel pad can support a drilling radius of roughly 22,000 feet. This technology will only improve over time, enabling even more development with less impact to the surrounding community.[15]

We recognize that, just as local Alaskan communities are reliant on the oil and gas industry for jobs, a tax base, and a supply of electricity, they are also dependent upon the health of various species for subsistence and tourism purposes. Oil and gas development activities in the Coastal Plain must take the welfare of species such as caribou, musk oxen, polar bear, and migratory birds into account. The people of Kaktovik, as well as the Gwich'in, rely on species within ANWR for their food source. We support the use of mitigation techniques on oil and gas operations to ensure the health of these species for subsistence.

DON YOUNG.
ROB BISHOP.

[15] ConocoPhillips. Alaska Western North Slope Overview. (May 2017).